
FOOD STAMP CERTIFICATION
BENEFIT ADJUSTMENTS
Restoration of Lost Benefits

FS 905 Restoration of Lost Benefits

Change #1-2017

April 1, 2017

905.01 REQUIREMENT FOR RESTORING LOST BENEFITS

A **Food and Nutrition Services Unit (FNSU)** is entitled to restored benefits when benefits have been lost due to an administrative error; by an administrative disqualification for Intentional Program Violation (IPV) which was subsequently reversed; when a judicial action finds that benefits were wrongfully withheld; or whenever this manual specifically states that a **FNSU** is entitled to restoration of lost benefits.

NOTE: If it is determined that additional benefits are due in the same month current benefits are issued, it is considered a supplement. Any benefits provided after the month they were due are considered a restoration. Restored benefits and supplements cannot be authorized when the debtor has a claim in EPICS. Calculate the amount of restored benefits or supplements owed to the recipient, and post as a payment in EPICS with a payment type code of O.

A. When the loss to the **FNSU** is caused by agency error or by an administrative disqualification penalty subsequently reversed, restore benefits for up to 12 months prior to whichever of the following occurred first.

1. The date the agency receives a verbal or written request from the **FNSU** for restoration; **or**
2. The date the agency is notified or otherwise discovers that a loss to the **FNSU** has occurred.

B. When a judicial action finds that benefits have been wrongfully withheld and the judicial action is the first action filed by the **FNSU** to obtain restoration of lost benefits, restore benefits for not more than 12 months prior to the first of the following dates.

1. The date the agency receives a request for restoration; **or**
2. If no request for restoration is received, the date the Fair Hearing action was initiated.

C. Restore benefits even if the **FNSU** is currently ineligible.

D. Do not restore lost benefits when the loss is caused by a **FNSU** error, such as failure to report a change that would result in increased benefits.

NOTE: It is recommended that lost benefits be restored no later than the next normal issuance cycle following the discovery of an error that results in lost benefits to the **FNSU**.

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905.02 ERRORS DISCOVERED BY THE LOCAL AGENCY

- A. Restore any lost benefits when the agency determines that a loss has occurred and the **FNSU** is entitled to a restoration of benefits.
- B. No action by the **FNSU** is required in order to initiate restoration of lost benefits.
- C. Calculate the correct amount of benefits following instructions in 905.04.
- D. Notify the **FNSU** (using the Notice of Eligibility, Denial, or Pending Status, DSS-8551) of:
 - 1. The correct amount of benefits;
 - 2. Any offsetting that was done;
 - 3. The method of restoration; **and**
 - 4. The right to appeal through the Fair Hearing process if the **FNSU** disagrees with any aspect of the proposed restoration of lost benefits. (See Section 705, Fair Hearings.)

905.03 DISPUTED BENEFITS

- A. If a **FNSU** does not agree with the calculated amount of benefits to be restored or any other action taken to restore lost benefits, the **FNSU** may request a Fair Hearing within 90 calendar days of the date the **FNSU** is notified of entitlement to restoration of lost benefits.

NOTE: If a Fair Hearing is requested prior to or during the time restoration of lost benefits is being processed, the **FNSU** will receive the restored benefits as determined by the agency pending the results of the Fair Hearing.
- B. If a **FNSU** believes it is entitled to restored benefits, and after review of the case situation the agency does not agree, the **FNSU** may request a Fair Hearing within 90 calendar days from the date of the **local agency** decision.
 - 1. Restore benefits only if the Fair Hearing decision is found favorable to the **FNSU**.
 - 2. Restore benefits for up to 12 months prior to the date the agency initially discovered the **FNSU's** possible entitlement to restored benefits.

905.04 CALCULATING BENEFITS TO BE RESTORED

After correcting the case for future months and excluding the months in which benefits may have been lost prior to the 12-month time limit described in 905.01, calculate the amount to be restored as follows.

- A. If the loss was caused by an incorrect delay, denial, or termination of benefits, calculate the months effected as follows.

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1. If an eligible **FNSU's** application was erroneously denied, the month the loss initially occurred is the month of application or, for an eligible **FNSU** filing a recertification, the month following the expiration of its certification period is the month of application.
 2. If an eligible **FNSU** application was delayed due to **local agency** delay in the initial 30-day application-processing period, the amount of benefits lost would be calculated from the month of application. If the **FNSU** was at fault for the initial delay, the amount of benefits would be calculated from the month following the month of application.
 3. If benefits were erroneously terminated, the month the loss initially occurred is the first month benefits were not received as a result of the erroneous action.
 4. After determining the initial month of lost benefits, calculate lost benefits for each subsequent month until the error was corrected or until the **FNSU** became ineligible.
- B. If there is insufficient information in the case file to determine whether the **FNSU** was eligible, request the **FNSU** provide information for each month of potential lost benefits.
- NOTE:** Do not restore benefits for any month a **FNSU** fails to provide necessary information to determine eligibility.
- C. Calculate the allotment the **FNSU** should have received for the eligible months. If the **FNSU** received a smaller allotment than it was eligible to receive, the difference between the actual and correct allotments equals the amount to be restored.
- D. If there is an outstanding claim, the amount to be restored **or supplemented** is offset against the amount due on the claim before the balance, if any, is restored **or supplemented** to the **FNSU**. (Refer to Section 800, Claims.)
- NOTE:** When a **FNSU** is certified and receives an initial allotment, the initial allotment cannot be reduced to offset claims even if the initial allotment is paid retroactively.
- E. Document all calculation of restored benefits on the Report of Erroneous Issue, DSS-1682. File the completed form in the case file.

905.05 REVERSALS OF INTENTIONAL PROGRAM VIOLATIONS (IPV)

- A. If an IPV decision is reversed, an individual disqualified for an IPV is entitled to restoration of any benefits lost during the months that the individual was disqualified (not to exceed 12 months prior to the notification of lost benefits).
- B. To determine the amount restored for these individuals, compare the allotment the **FNSU** received with the allotment the **FNSU** would have received had the disqualified member been allowed to participate. If the **FNSU** received a smaller allotment than it should have received, the difference equals the amount to be restored.

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- C. Participation in an administrative disqualification hearing in which the **FNSU** contests the **local agency** assertion of an IPV shall be considered notification that the **FNSU** is requesting restored benefits.

905.06 METHOD OF RESTORATION

- A. Authorize restored benefits to the **FNSU** regardless of its current eligibility to participate.
- B. Issue restored benefits in addition to the allotment authorized for a currently participating **FNSU**.
- C. Using the Notice of Eligibility, Denial, or Pending Status, DSS-8551, notify the **FNSU** of the entitlement to restored benefits, the amount to be restored, the method of restoration (lump sum), and its right to request a Fair Hearing if it disagrees with any aspect of the proposed restoration.

905.07 CHANGES IN **FNSU COMPOSITION**

- A. When a **FNSU's** membership has changed, restore the lost benefits to the **FNSU** containing the majority of the individuals who were **FNSU** members at the time the loss occurred, even if the majority of **FNSU** members are minors. The greatest number of remaining **FNSU** members, even if it is only one, is still the majority.
- B. Restore lost benefits to the **FNSU** containing the head of the **FNSU** at the time the loss occurred when the agency cannot determine which **FNSU** contains a majority of the **FNSU** members.

905.08 AUTHORIZING RESTORED BENEFITS WHEN THE **FNSU ~~FSU~~ MOVES**

Restored benefits must be authorized in the **local agency** where the **FNSU** resides, regardless of where it lived when the benefits were lost. Take action to provide restored benefits using the procedures defined above once you discover or are notified that the **FNSU** is entitled to restoration of lost benefits.